GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6194
ANSWERED ON:27.04.2001
INTEREST RATES ON SMALL SAVINGS AND PROVIDENT FUND
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Will the Minister of FINANCE be pleased to state:

(a) whether there is a proposal under consideration of the Government to phase out administered rates for Small Savings and Provident Funds;

(b) if so, the details thereof;

(c) whether the Government propose to set up a high powered expert group to work out modalities in this regard;

(d) if so, the terms of reference of this high powered group; and

(e) by when the group is likely to submit its report?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a)to(e) The Government have constituted an Expert Committee to review thesystem of administered interest rates and other related issues under the Chairmanship of Dr. Y.V. Reddy, Deputy Governor of Reserve Bank of India with the following terms of reference:

i. to suggest criteria for bench-marking of administered interest rates;

ii. to suggest the periodicity of revision of administered interest rates;

iii. to examine the feasibility of transferring the entire net proceeds of small savings to the State Governments on a back-to-back basis;

iv. to make recommendations on other aspects of small savings like designing of instruments, engagement of agents and rules governing the deposits and withdrawals;

v. to make recommendations on issues related to the interest rates; and

vi. to make such other recommendations as the Committee may deem appropriate on the subject.

The Committee will submit its recommendations to the Ministry of Finance within a period of 4 months.